

# PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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## MEMORANDUM

TO: Lexington Retirement Board

FROM: John W. Parsons, Esq., Executive Director

RE: Approval of Funding Schedule

DATE: November 23, 2021

This Commission is hereby furnishing you with approval of the revised funding schedule you recently adopted (copy enclosed). The schedule is effective in FY22 (since the amount under the prior schedule was maintained in FY22) and is acceptable under Chapter 32. The schedule reflects a \$15,000 COLA base.

We note that the Board adopted a 7.25% investment return assumption which is a reduction from the prior assumption of 7.50%. However, for comparison, 35 systems currently use an assumption of 7.0% or below. There are 75 systems using an assumption of 7.25% or below. We are generally recommending an assumption of 7.0% or less in our 2021 valuations.

If you have any questions, please contact PERAC's Actuary, John Boorack, at (617) 666-4446, extension 935.

JWP/jfb

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Enc.



**LEXINGTON RETIREMENT SYSTEM**  
**FUNDING SCHEDULE with 3(8)(C) - 8 years: \$750 thousand increases**  
 MP-2020, 7.25% Discount Rate, \$15,000 COLA Base

Fiscal Year	Normal Cost	Unfunded Liability*	Funding Amortization of UAAL	Net 3(8)(c) Payments	Schedule Contribution**
2023	2,046,424	60,796,630	5,986,163	217,413	8,250,000
2024	2,138,513	53,566,162	6,644,074	217,413	9,000,000
2025	2,234,746	48,452,602	7,297,841	217,413	9,750,000
2026	2,335,310	38,334,481	7,947,277	217,413	10,500,000
2027	2,440,399	30,472,619	8,592,188	217,413	11,250,000
2028	2,550,217	23,466,761	9,232,371	217,413	12,000,000
2029	2,664,976	15,266,384	9,867,611	217,413	12,750,000
2030	2,784,900	5,790,185	5,790,185	217,413	8,792,498
2031	2,910,221	-	-	217,413	3,127,634

**Amortization of Unfunded Liability as of July 1, 2022**

Year	Type	Original Amort. Amount	Percentage Increasing	Original # of Years	Current Amort. Amount	Years Remaining
2023	Fresh Start	N/A	N/A	8	N/A	8

\* Includes recognition of the following asset gains/(losses) in Fiscal 2024 through 2027:

2024	\$5,218,064
2025	\$1,871,338
2026	\$5,804,000
2027	\$2,117,657

\*\* Contribution is set to be the amount resulting from a \$750 thousand increase compared to the prior year, with \$750 thousand increases in the following years. In the final year (FY2030), the contribution decreases by \$4.0 million.